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Missguided – How to stay competitive?

Missguided case study: Pureplay, fast fashion, rapid fashion, Generation Z retailer.

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On-shorting, fast fashion, rapid fashion, collaboration, trust, power, relationships, commitment.

Abstract

The UK high streets have exploded with world-class international retailers, stable high street anchors and innovative independents, but in addition, many retailers are struggling to survive in an extremely competitive environment – which has led to rapidly changing customer demands for products. Because of this, the fashion industry now has planned obsolescence and has shortened new product development cycle times while the newly developed products have to meet the growing expectations of the end customer. Tensions between retailers and suppliers may not be new, but the difficult market they both face has done nothing to help. The retailers are increasingly using time as a factor for enhancing competitiveness. Responding to this fast-paced environment, suppliers are becoming increasingly adept at moving from the manufacture of commodity products to incorporating design and branding. Nitin Passi is the man behind Missguided, starting his career in the New York fashion industry he set up on his own in 2009. With a loan of £50k from his father, he worked closely with a hand-full of suppliers to create the global multi-platform brand Missguided is today (Missguided, 2020).

This case study encourages students to discuss buyer/supplier strategies and how to stay competitive within today's global retail environment. Considering the fast fashion and rapid fashion business of today's retail market, the students' will be encouraged to discuss the adjustments needed to deal with the retail competition and how to stay loyal to their current buyer/supplier relationships. Missguided are a fast fashion/rapid fashion business, making a high percentage of their product in the UK, the students' will examine the current sourcing strategy, supplier partnerships and devise creative solutions to construct an even strong brand competitiveness by bringing their product to market first.

Learning Objectives

- Discuss Missguided target market
- Discuss Missguided core values and corporate approach
- Analyse the benefits and risks of Missguided first to market approach and propose innovative solutions that support Missguided strategy to be first to market
- Describe and evaluate the Missguided supplier base and their relationship with their current suppliers
- Analyse Missguided sourcing strategy and the benefits and costs of local product v Europe or the Far East

- Propose innovative solutions that will support UK manufacturing and the potential future skill shortage

Introduction

The Millennials and Generation Z consumers were the first cohort of digital natives, growing up in the summit of social media. Subsequently, the advent of ultra-fast fashion brands that target young people online with enticing discounts and influencer partnerships. One in three of these consumers consider garments worn two to three times if photographed in to be old (Draper, 2019). The fast fashion market is a profitable one, £1.9 billion and counting in 2020 (McKinsey, 2019). Sales of their favourite retails (e.g. Missguided, Boohoo Plc, Pretty Little Thing and Nasty Gal) are just some of the examples that target these consumers with high fashion, low price product. These consumers are environmentally engaged yet seduced by what's new and 'now'.

Business problem

The Company

Missguided are a ladies and menswear retailer who are a multi-channel rapid fashion retailer whose mission is to empower females and males globally to be confident in themselves and be who they want to be (Missguided, 2020). It is a straight talking and forward-thinking fashion brand, which creates it's range from their customer alongside global influences like social media, street style and popular culture.



Picture 1. Internal picture of Missguided Head Office (Missguided, 2020)

The Consumer

Missguided have 4 million shoppers, 17 million visits a month, 72% of which comes from mobile. They have 1.9 million Instagram followers, 400K Twitter followers, 1m Facebook followers and are located in 160 countries (Missguided, 2020). They are the number one in ASOS via their wholesale arm and in 2017 opened their first stand-alone UK retailer bricks and mortar store in Westfield shopping centre and Dubai. They already are located in Nordstrom (USA and Canada), Shu (globally) and Selfridges (UK). Their aim is to take their digital brand to the next level.

They call their customers their 'babes' and state that babe power is at the heart of their brand, stating that their customers are dreamers, believers and doer. Their customers are, brand advocates and iconic women from all shades of life and creative expression. Their 'babes' are aged between 16-34 and want constant newness. They are a student or just beginning their careers, they are on low disposable income, they are influenced by celebrities and influencers. They want to re-invent themselves each week on Snapchat and Instagram. They watch YouTube and Netflix not conventional television. They demand new and have a disposable wardrobe. They are cool by day and glam by night. This consumer does not investment buy. They will wear the garments three to four times then disposes of them, as they have been seen on their social media. Missguided utilises numerous social media platforms, including, Facebook, Instagram and Twitter and has an e-mail newsletter.



Picture 2. Missguided consumer as replicated by their social media advertising (Missguided, 2018)

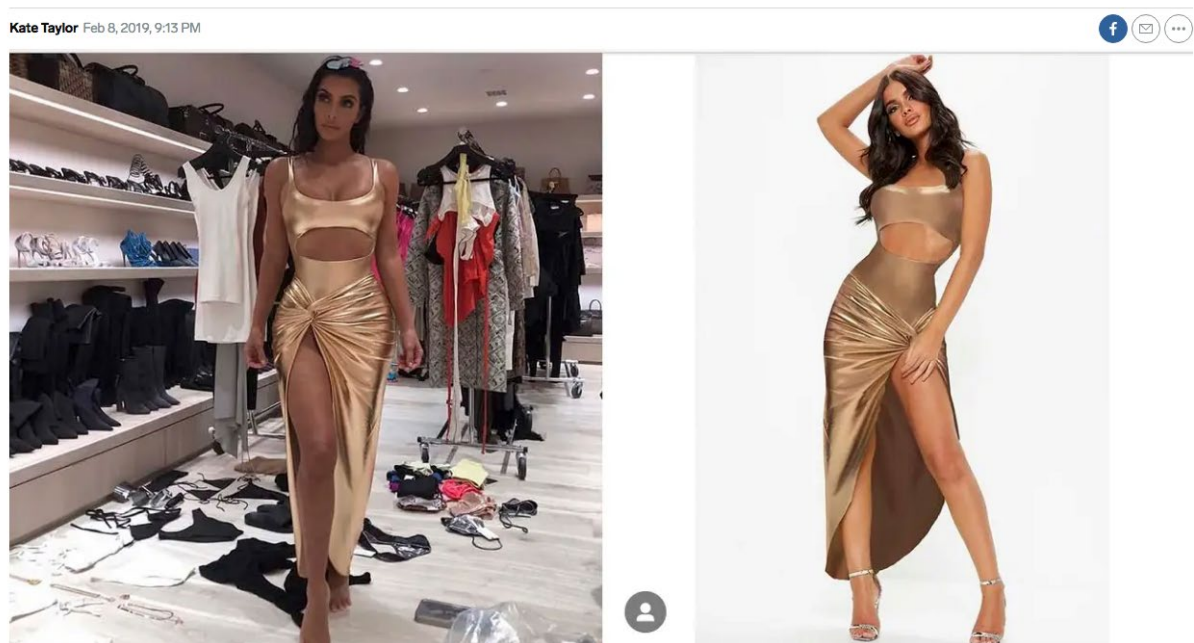
The Product Offer

They turn the traditional retailers peak trading days on their head as their peak trading days are Monday and Tuesday with their quietest days being Saturday and Sunday (Missguided, 2020). There are 8,500 options on their site at any one time, with 500 new options each week (20% new). They have a 6-week selling of product life cycle. 20% is core product (12 weeks product life cycle). They trial product, with a lot of repeat buys. Their production has to be agile and fast.

The Sourcing Strategy

For a fast fashion supply chain to be competitive, it must be flexible, agile, cost effective, and responsive (Bruce et al., 2004; Barnes and Lea-Greenwood, 2006). Inevitably, these features are determined by how well the different parties involved are orchestrated and managed. If suppliers deliver production late, then the current range of choice in the market means that consumers will go elsewhere leading to a loss of sales. Effective management of the BRS in the supply chain has been identified as a critical success factor in retailing, to the extent that in the retail marketplace, it is the supply chains that compete rather than companies (Hines, 2004). As a result, more retailers are turning to partnering with their retailers, moving away from using a wide number of suppliers to using a limited set. Formerly, retailers regarded suppliers as adversaries. The emphasis now is strategic partnerships to create mutually financial benefits (Barnes and Lea-Greenwood, 2006).

Kim Kardashian asked fast-fashion brands not to knock off her outfit, but one was promoting its rip-off in a now deleted Instagram post less than 3 hours later



Picture 3. Kim Kardashian-West's outfit and Missguided copy (Business Insider, 2019)

They source ethically and to avoid acts that constitute modern slavery, they have a dedicated sourcing team to focus on the supply chains, operations and ensure that the suppliers understand what supplying ethically means and provide guidance, training and assistance where necessary.

Business Questions

Major Questions

With vast competition in today's market place, why is it so imperative that Missguided have suppliers as strategic partners? How do they aim for transparency?

Study Questions

Missguided aim is to take their digital brand to the next level, how could they achieve this?

The important word for Generation Z and Millennials in 2020 is suitability, but how does Missguided cater for their consumer needs of constant newness and be sustainable?

Since Instagram updated its algorithms, influencers now have to declare their #ad, meaning brands are having to get smart to get noticed. How would Missguided stay noticed?

Further Discussion

In this competitive market, how can Missguided expand their brand recognition?

Missguided have sponsored a reality TV programme as well as collaborated with brands, but who could be next?

The global retail marketplace is under pressure, so why did Missguided open its first store in Dubai in February 2019, where and what is next for the retailer?

Does sourcing 40% of your product from the UK have a production strategy longevity? How can Missguided ensure they have enough skills workers in their selected factories over the next 5 years given the UK exit from Europe and therefore, the skills shortage?

Teaching notes.

Class

Introduce the case study following a taught session with theoretical underpinning of the fast fashion/rapid fashion UK market place. Encourage the class to view the transactional website of the Missguided and the BBC report below: -

<https://missguided.co.uk>

<https://www.bbc.co.uk/sounds/play/m0003jj9>

Outcomes

An understanding of how to stay competitive within the fast fashion/rapid fashion market place, but still stay sustainable. Discussion and further research on supplier partnerships, fast fashion/rapid fashion and UK production.

A submission of formative assessment answering the major question.

The Main Task

Discuss Missguided competitive edge within the current market place, it's current product offer versus it's competitors, value for money versus it's sustainable storey and it's marketing strategies. From this activity, the facilitator would begin a discussion to answer the major question.

Discussion Road Map

The facilitator will encourage the students to question and discuss the Missguided business strategy and journey as outlined in the case study. Then propose strategies to maintain their competitive edge without compromising the company's core supplier values.

Discussion Questions

Who are Missguided main competitors?
Does the consumer have too much choose?
What are the new market opportunities for Missguided?
Where are the new markets Missguided need to be targeting?

Activities

Group discussion and influencing skills, independent research, supplier relationships, new entries to market, product range research and market value research. Students' would be asked to present their answer to the questions at the start of the next class and provide supporting research evidence.

References

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